



Department of Justice

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PUERTO RICO COMPANY AND EXECUTIVE PLEAD GUILTY TO CONSPIRING TO DEFRAUD

WASHINGTON, D.C. -- A Puerto Rico electrical company and its president today pleaded guilty to conspiring to commit mail fraud in connection with a kickback scheme used to defraud a Puerto Rico restaurant company, the Department of Justice announced.

Gate Engineering Corporation (Gate) and its president, Albith Colón, were charged in U.S. District Court in Puerto Rico with participating in a conspiracy to defraud Tricon Restaurants International, the owner and operator of fast food restaurants in Puerto Rico. Tricon was recently purchased by Encanto Restaurants of Puerto Rico.

According to the charge, from October 2000 until March 2004, Gate and Colón made kickback payments to a Tricon employee in return for receiving electrical contracts totaling more than \$1 million. The Tricon employee, as a technical services supervisor, was responsible for soliciting bids for work to be performed in connection with Tricon's construction and maintenance of its restaurants, and also was responsible for selecting the subcontractor who would be awarded the contract. Although the contracts were awarded on behalf of Tricon, it was unaware of the kickback payments.

"This type of scheme deprives companies of their right to the honest services of their employees and to fair and competitive pricing," said Scott D. Hammond, the Antitrust Division's Deputy Assistant Attorney General for Criminal Enforcement.

Gate and Colón are charged with conspiracy to defraud, in violation of 18 U.S.C. § 371, which carries a maximum penalty of a \$500,000 fine for a corporation and a maximum penalty of five years imprisonment and a \$250,000 fine for an individual. The maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the first to arise out of an ongoing investigation in Puerto Rico being conducted jointly by the Antitrust Division's Atlanta Field Office; the U.S. Attorney's Office for the District of Puerto Rico; the General Services Administration, the Office of Inspector General (New York Office); and the Small Business Administration, Office of Inspector General, in Puerto Rico.

Anyone with information concerning bid rigging or kickbacks in Puerto Rico should contact the Atlanta Field Office of the Antitrust Division at (404) 331-7100.

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